

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1748-01
Bill No.: HB 1319
Subject: Licenses - Professional
Type: Original
Date: April 16, 2015

Bill Summary: This proposal establishes the Orthotics, Prosthetics, and Pedorthics Practice Act.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(\$44,087)	\$60,011	(\$38,936)
Total Estimated Net Effect on General Revenue	(\$44,087)	\$60,011	(\$38,936)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Board of Healing Arts Fund*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

*Income and Expense Net Zero.

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Board of Healing Arts	1	1	1
Total Estimated Net Effect on FTE	1	1	1

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** assume that based on information received from a representative of the group seeking legislation, the division estimates that 203 individuals in the state of Missouri will be required to be licensed.

DIFP assumes one Processing Technician I will be needed to provide technical support, process applications for licensure, and respond to inquiries related to the licensure law and/or rules and regulations. Printing and postage expenses for the first year include printing of rules, applications, letterhead and envelopes, as well as costs associated with mailing associated with initial licensure. Subsequent year's printing and postage is based on a board of similar size, The Board of Hearing Instruments.

203 Licenses x \$12.50 = \$2,537.50 FY16 Postage and Printing Expense; \$1,840 FY17 and FY18

During the first year of implementation, costs are calculated for the design, program and implementation of the licensure program for new boards.

18 hours x \$30 per hour = \$540 Licensure System Costs

Based on a board of similar size, it is estimated that the board will receive the below referenced complaints. The division does not anticipate receiving any complaints until FY17. It is estimated that 14 complaints per year will be filed. 30% of the complaints filed (4 complaints) would require field investigations. It is estimated that 50% of the complaints that are investigated (2 complaints) would require an investigator to incur overnight expenses. Therefore, the following travel expenses have been calculated for investigations.

2 Overnights x \$143 per Investigation = \$286 Annual Investigative Expenses

Boards within the division incur division-wide expenses based on specific board licensee averages, in addition to the department and Office of Administration cost allocations plans. The following expenses are based on a board of similar size, The Board of Hearing Instruments, and will not require additional appropriation for the PR Transfer Core budget; however, these costs will be considered in calculating the anticipated license and renewal fees.

ASSUMPTION (continued)

\$509	Maintenance of Licensing System
\$208	Division Operating Expenses
\$935	Division Personal Service Expenses
\$98	Department Cost Allocation
<u>\$0</u>	<u>Office of Administration Cost Allocation</u>
\$1,750	Total of Additional Expenses

The projected revenue reflects the fees listed below for all categories of licensure. In addition, a 3% growth rate has been estimated. It is estimated that the collection of initial license fees will begin in FY17 and renewal fees will not be collected until FY18. It is also important to note, that once the fees for the board are established by rule other fees could offset the estimated costs.

Initial License Fees **Fee: \$500** **Renewal: Biennial**

It is assumed that all fees collected would be deposited into General Revenue, because no fund is designated in the bill, and all expenses would be paid out of the Board of Healing Arts Fund. It is also assumed no revenue will be generated in the first year. Should the number of licensees largely vary from the number estimated above, the licensure fees will be adjusted accordingly.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE			
<u>Income</u>			
Fee Revenue	\$0	\$101,500	\$3,000
<u>Costs - Transfer Out</u>			
To Board of Healing Arts Fund	<u>(\$44,087)</u>	<u>(\$41,489)</u>	<u>(\$41,936)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$44,087)</u>	<u>\$60,011</u>	<u>(\$38,936)</u>
BOARD OF HEALING ARTS FUND			
<u>Income - Transfer In</u>			
From General Revenue Fund	\$44,087	\$41,489	\$41,936
<u>Costs - DIFP</u>			
Salaries	(\$19,700)	(\$23,876)	(\$24,115)
Fringe Benefits	(\$10,245)	(\$12,417)	(\$12,541)
Equipment and Expense	(\$12,392)	(\$3,402)	(\$3,441)
Other Fund Costs	<u>(\$1,750)</u>	<u>(\$1,794)</u>	<u>(\$1,839)</u>
<u>Total Costs - DIFP</u>	<u>(\$44,087)</u>	<u>(\$41,489)</u>	<u>(\$41,936)</u>
FTE Change - DIFP	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON BOARD OF HEALING ARTS FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Estimated Net FTE Change on the Board of Healing Arts Fund	1 FTE	1 FTE	1 FTE
<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Certain small business individuals may seek additional licensing as a result of this proposal.

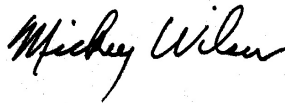
FISCAL DESCRIPTION

The proposed legislation establishes rules and regulation of a board, under the Orthotics, Prosthetics and Pedorthics Practice Act.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Insurance, Financial Institutions and Professional Registration



Mickey Wilson, CPA
Director
April 16, 2015

Ross Strobe
Assistant Director
April 16, 2015